

## EMPLOYER-ASSISTED DAY-CARE TAX CREDIT WORKSHEET INSTRUCTIONS

This credit is available to employers who provide or pay for day-care services for their employees. For purposes of this credit, “employer” means any entity that employs one or more individuals performing services for it within this State. For a complete definition of “employer,” *see* 26 M.R.S.A. § 1043(10). The day-care services may be provided in-house by the employer at a nonprofit facility licensed by the Department of Human Services (“DHS”) or may be in the form of payment or vouchers for off-site day-care services provided by others at a facility licensed by or registered with DHS. The allowable credit is equal to the lowest of:

- 1) \$5,000;
- 2) 20% of the actual costs incurred in providing day-care for children of employees by the employer; or
- 3) \$100 for each child of an employee enrolled on a full-time basis (or for each full-time equivalent) for the entire taxable year (or on the last day of the taxable year for the first year that services are provided) in a day-care program provided by the employer.

The allowable credit doubles if the day-care services provided qualify as “quality child-care.” “Quality child-care” facilities are certified by DHS, Office of Child Care and Head Start. A quality child-care provider is one that meets minimum licensing standards and is accredited by an independent, nationally recognized program approved by DHS, Office of Child Care and Head Start; utilizes recognized quality indicators for child-care services approved by the Department of Human Services, Office of Child Care and Head Start; and includes provisions for parent and client input, a review of the provider’s policies and procedures, a review of the provider’s program records and an on-site program review. For an application to become a certified facility or for a list of existing quality child-care facilities visit our Web site at [www.state.me.us/revenue/incomeestate/qualchil.html](http://www.state.me.us/revenue/incomeestate/qualchil.html) or call DHS at (207) 287-5060. The credit is limited to the income tax otherwise due, but any excess can be carried back 3 years or carried forward 15 years.

### SPECIFIC LINE INSTRUCTIONS

Please enter the taxpayer name and social security number (“SSN”) or employer identification number (“EIN”).

In the case of pass-through entities (partnerships, LLCs, S corporations, trusts, etc.), the partners, members, shareholders, beneficiaries, etc., are allowed a credit in proportion to their respective interest in these entities. Attach a schedule showing the credit generated by the pass-through entity and the assignment/distribution to each partner, shareholder, beneficiary, etc. Include the name, address, and federal ID number of the pass-through entity and the name and SSN/EIN of each partner, shareholder, beneficiary, etc.

- Line 1. Enter the total number of employees’ children that were enrolled full-time (or the number of full-time equivalents for all enrolled children) for the entire taxable year in day-care services provided by the employer. For example, two children enrolled in day-care services, each on a half-time basis, would count as one full-time equivalent. If this is the first year that services are provided, enter the total number of employees’ children that were enrolled full-time (or the number of full-time equivalents for all enrolled children) on the last day of the taxable year.
- Line 3. Enter actual costs incurred in providing day-care services to employees’ children for the taxable year.
- Line 6. The amount of the credit doubles for child-care services that are quality child-care services. Child-care facilities providing quality child-care services are certified by the Maine Department of Human Services, Office of Child Care and Head Start. Certificates are renewed every 3 years. Any expenses incurred after the effective date of the certificate and before the certificate expires are quality child-care expenses. Effective dates can be obtained from your daycare provider or from the Web page listed above. If you enter an amount paid for quality child-care services on line 6, you must enter the certificate number(s) of the quality child-care facility or facilities in the space provided. You may obtain the certificate number from your child-care provider. The amount on line 6 will be reduced to zero if the certificate number is not provided.
- Line 10. The credit is limited to the tax liability of the taxpayer. Any unused portion may be carried back 3 years or carried forward 15 years. Enter any credit carryforward or carryback amounts from other years on this line.
- Line 11. The amount of the credit that may be used by a taxpayer for a taxable year may not exceed the amount of income tax otherwise due. For taxable corporations, the credit limitation is applied on Form 1120ME, Schedule C; the credit limitation for individuals is applied on Form 1040ME, Schedule A. Any unused credit may be carried over to the following year or years for a period not to exceed 15 years or it may be carried back for a period not to exceed 3 years.



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EMPLOYER-ASSISTED DAY-CARE TAX CREDIT  
WORKSHEET  
36 M.R.S.A. § 5217

TAXPAYER NAME: \_\_\_\_\_ EIN/SSN: \_\_\_\_\_

**Note: Owners of pass-through entities (partnerships, LLCs, S corporations, trusts, etc.) making an eligible investment, see instructions.**

1. Number of employees' children enrolled full-time (or number of full-time equivalents for all enrolled children) in day-care services provided/paid for by the employer in 2001  
(See instructions) ..... \_\_\_\_\_
2. Line 1 x \$100 ..... \_\_\_\_\_
3. Actual costs incurred by employer in providing day-care services for children of its employees for the taxable year ..... \_\_\_\_\_
4. Line 3 x 20% (0.20) ..... \_\_\_\_\_
5. Enter the smaller of line 2 or line 4 (but do not enter more than \$5,000) ..... \_\_\_\_\_
6. Do any of the day-care services provided in 2001 qualify as "quality child-care" services?  
See instructions. .... Yes \_\_\_\_\_ No \_\_\_\_\_  
If yes, enter the certificate number(s) .....  
of the quality child-care certificate(s) issued to the facility by the Department of Human  
Services, Office of Child Care and Head Start.  
Enter credit amount **from line 5** that relates to amounts paid for quality child-care services. \_\_\_\_\_
7. Line 6 X 2 ..... \_\_\_\_\_
8. Line 5 minus line 6 (not less than zero) ..... \_\_\_\_\_
9. Current year credit amount (line 7 plus line 8) ..... \_\_\_\_\_
10. Credit carried forward/back from other tax years. See instructions. .... \_\_\_\_\_
11. Total credit available this year (line 9 plus line 10). Corporate taxpayers, enter this amount on Form 1120ME, Schedule C, line 29c. Individuals, enter this amount on Form 1040ME, Schedule A, line 10. .... \_\_\_\_\_